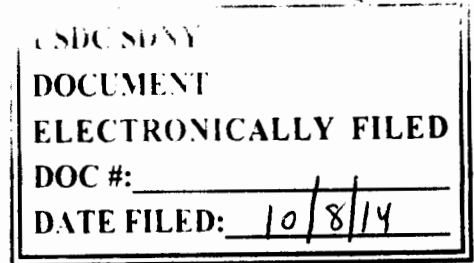


Denis O'Connor  
Receiver  
Condor Capital Corporation  
c/o Alix Partners, LLP  
40 West 57<sup>th</sup> Street, 28<sup>th</sup> floor  
New York NY 10019



October 7, 2014

Hon. Colleen McMahon  
United States District Judge  
Southern District of New York  
United States District Court  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007

10/8/14  
Telephone Conference Scheduled for  
10/10/14 @ 9:45 am.

*Colleen McMahon*

RE: **BENJAMIN M. LAWSKY, Superintendent of Financial Services of the State of New York, v. CONDOR CAPITAL CORPORATION and STEPHEN BARON, Case No. 14-CV-2863 (CM)**

MEMO ENDORSED

Dear Judge McMahon:

I write to Your Honor regarding tax payments requested by Stephen Baron ("Baron"). Baron has requested that Condor Capital Corporation ("Condor") make tax payments totaling \$126,102 to both federal and state tax authorities on Baron's behalf pertaining to rental income earned by OSER 165 LLC for the use of Condor's Hauppauge, NY office building in 2013.

OSER 165 LLC, a New York limited liability company, is 100% owned by Baron. As previously reported to Your Honor in a letter dated August, 13, 2014, there has been no historical practice of Condor paying OSER 165 LLC for rent, though an annual book entry was made for Condor's audited financial statements. Baron owes both federal and state taxes related to the rental income earned by OSER 165 LLC in 2013. Historically, Condor has paid Baron's related taxes and made a book entry for a receivable due from officer/affiliate.

The Preliminary Injunction and Order dated May 13, 2014 (the "Order") states that "Defendants and their successors, assigns, officers, directors, agents, servants, employees, attorneys, and all other persons or

Hon. Colleen McMahon  
United States District Judge  
October 7, 2014  
Page 2

entities directly or indirectly, in whole or in part, under their control, and all other persons in active concert or participation therewith who receive actual notice of this Order by personal service or otherwise, shall not interfere in any manner, directly or indirectly with the custody, possession, management, or control by the Receiver of assets and documents, and are hereby temporarily restrained and enjoined from directly or indirectly... (c) Transferring, *receiving*, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, Defendants or the Receiver.”

[paragraph 13, *emphasis added*]

However the order also provides that the Receiver “Make payments and disbursements from Defendants’ assets that are necessary or advisable for carrying out the directions of, or exercising the authority granted by” the Order [paragraph 9(k)].

Baron has asserted to me that all of his material assets are tied up in Condor and that he has limited liquid assets available to make these tax payments. Baron has not been included in Condor’s payroll since the date of my appointment as Receiver, and the only payments he has received from the assets of Condor are rental payments of \$142,643 for the period of May 14, 2014 through October 31, 2014 (offset by certain expenses charged to the Condor American Express card).

Based on my review of Condor’s records and Baron’s personal income taxes, conversations with management, Condor’s past practices and supporting calculations provided by Baron, I believe the payment of taxes in the amount described above is reasonable and advisable, pursuant to my authority pursuant to Section 9(k) of the Order. Because the Order also prohibits Baron from receiving assets in control of the Receiver, I feel it is the best course to advise the Court of my intention to pay Baron for the 2013 income taxes solely related to Condor’s use of Baron’s (Oser 165 LLC) building for which no 2013 rental payments were made by Condor.

Hon. Colleen McMahon  
United States District Judge  
October 7, 2014  
Page 3

Very truly yours,

A handwritten signature in black ink, appearing to read "Denis O'Connor". The signature is fluid and cursive, with the first name "Denis" and last name "O'Connor" clearly distinguishable.

Denis O'Connor  
Receiver

CC: Joy Feigenbaum, NYS Department of Financial Services  
Stephen Baron, Condor Capital Corporation  
Reggie Dawson, Wells Fargo Bank  
Counsel to all parties